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PRE-APPEAL BRIEF REQUEST FOR REVIEW

Docket Number (Optional): 98-084

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Application Number	Filed
09/223,901	December 31, 1998

First Named Inventor: Jay S. Walker

Art Unit	Examiner
3628	Akiba K. Robinson Boyce

Applicant requests review of the final rejection in the above-identified application. No amendments are being filed with this request.

This request is being filed with a notice of appeal.

The review is requested for the reason(s) stated on the attached sheet(s).
Note: No more than five (5) pages may be provided.

I am the

- ☐ applicant/inventor.
- ☐ assignee of record of the entire interest. See 37 CFR 3.71. Statement under 37 CFR 3.73(b) is enclosed. (Form PTO/SB/96)
- ☑ attorney or agent of record. Registration number 33,384.
- ☐ attorney or agent acting under 37 CFR 1.34. Registration number if acting under 37 CFR 1.34 _____

Stephan J. Filipek
Signature

Stephan J. Filipek
Typed or printed name

(203) 461-7252
Telephone number

December 15, 2008
Date

NOTE: Signatures of all the inventors or assignees of record of the entire interest or their representative(s) are required. Submit multiple forms if more than one signature is required, see below*.

☑ *Total of 1 forms are submitted.

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PRE-APPEAL REQUEST FOR REVIEW

Appellants respectfully request Pre-Appeal Review of the rejections of pending claims 1-53 and 61-96 in the Final Office Action mailed August 13, 2008 (hereinafter the "Final Action"), for the reasons set forth below. Please note that, in the following arguments, claim limitations are indicated by *italics*.

REMARKS

I. Claim Rejections Under 35 U.S.C. §102(e)

Independent claims 50, 64, 65 and 66 stand rejected as being anticipated by Walker (U.S. Patent 6,108,639). These claims pertain to a method, apparatus, and computer readable medium for *providing* ***a penalty to a bidder participating in an auction***, and require *determining,* ***before the auction closes****, based on a penalty rule, whether the bidder is to receive a penalty*. The method also includes *transmitting, if the bidder is to receive the penalty, an indication that the bidder is to receive the penalty*. Such a process discourages non-competitive bidding behavior during an auction session (See specification, page 2, lines 32-33).

First, Appellants contend that the disclosure of Walker has been **misconstrued**, as it is directed to processing the sale of goods to a buyer who submitted a conditional purchase offer (CPO) that solicits multiple sellers for the purchase of goods. The CPO contains one or more buyer defined conditions at a buyer defined price, and if a seller accepts the CPO and delivers goods that comply with the buyer's CPO, the buyer is then bound to form a legally binding contract (Walker, col. 3, lines 23-38). Figures 10A to 10D of Walker illustrate a CPO evaluation process that includes receiving a CPO from a buyer, providing the CPO to potential sellers, and determining whether any seller is willing to accept the CPO (Walker, col. 9, lines 62-66). Thus, **one buyer** makes an offer (via the CPO) to **multiple potential sellers**. The Walker CPO process is thus ***not*** analogous to a conventional auction wherein multiple buyers place bids for an item of a seller.

The Examiner cited a portion of claim 1 of Walker (see Final Action, pages 2-3) for allegedly disclosing an auction process:

> "obtaining a purchase offer for said secondary market item from a customer, said purchase offer containing a description of said secondary market item and a payment identifier for specifying a general-purpose account from which funds may be paid" (Walker, col. 15, lines 32-36).

But Walker clearly requires the use of a CPO, which is **distinct from** the claimed auction process. The buyer-driven process of Walker is not equivalent to a seller-driven auction.

Two portions of Walker were cited as allegedly disclosing *determining,* ***before the auction closes****... whether the bidder is to receive a penalty*, and *transmitting an indication that the bidder is to receive* ***a penalty***, which features are required by the pending claims. The first cited portion is part of claim 8 of Walker, and it recites:

> "identifying one or more rules from at least one potential seller of said secondary market item, each of said rules containing one or more seller-defined restrictions;
>
> comparing said purchase offer to said rules to determine whether an accepting seller is willing to accept said purchase offer if said customer-defined condition satisfies said seller-defined restrictions of at least one of said rules;" (Walker, col. 16, lines 5-12)

But this cited passage does not disclose penalty rules that apply to an auction, rather it requires comparing the buyer's purchase offer to seller-defined restrictions to determine if a seller is willing to accept the purchase offer. There is absolutely no hint of imposing a penalty.

The second cited portion of Walker recites:

> "It is noted that if the buyer ***ultimately*** fails to purchase the requested item ***once the CPO is accepted*** by a seller, the buyer can be charged a fee or a penalty. In this manner, the offer is guaranteed with a general purpose account, for example, using a line of credit on a credit card account." (Emphasis added; Walker, col. 10, lines 10-15)

It is clear from the second cited passage that the buyer can be charged a penalty if he ***ultimately*** fails to purchase the item ***after the CPO is accepted***. The Examiner seems to recognize this fact on page 20, lines 14-16 of the Final Action, but then she confusingly asserts at lines 16-19:

> "…this penalty is implemented before the close of the auction since the transaction is still being processed during step 1008, therefore meaning that the auction has not yet closed since transactions involving the auction need to be carried out [actual purchase of the item]." (Emphasis added).

This statement is incongruous for several reasons. First, Walker does not concern auctions. Second, step 1008 of Fig. 10A pertains to receiving initial information from a buyer, and does not contain any indication of a penalty. Third, when the CPO is accepted the transaction is **consummated** (binding). Thus, any penalty that might be imposed is determined and applied **after** the conclusion of the transaction (if the buyer doesn't pay the bill). In contrast, the pending claims require *determining, before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty*. Thus, claims 50 and 64-66 are not anticipated.

Moreover, the second cited portion of Walker (at col. 10, lines 10-15) confirms that it is **the seller**, not the buyer, who is the party that accepts the CPO. Accordingly, this portion of Walker supports Appellants' position that the penalty is **not** "determined before the auction closes", but is in fact determined only **after** the customer is **bound** to purchase the item from a seller. Once the customer is bound to buy the item, the 'auction' cannot be considered "open". In other words, an auction for an item is closed when a winning bidder is declared. Payment is a separate issue. Walker does not teach or suggest otherwise.

Furthermore, there is no support for the convenient assertion that Walker's CPO rules "…are also applied as penalty rules since penalties are directly linked to the CPO and implemented upon acceptance of the CPO." (Final Action, page 21). Such a statement is unsupported by the disclosure of Walker.

In summary, at least because Walker fails to teach *determining, before an auction closes, based on a penalty rule, whether the bidder is to receive a penalty*, claims 50 and 64 -66 are **not** anticipated. Therefore, the Section 102(e) rejection cannot stand.

II. Claim Rejections Under 35 U.S.C. §103(a)

A. Claims 1-3, 5-8, 10-17, 20-22, 24-26, 28-31, 37-42, 47 and 61-63 Are Patentably Distinct Over Walker and Franchi (U.S. Patent 5,770,533)

Claims 1 and 61-63 are independent claims. Claim 1 (also illustrative of claims 61-63) includes *determining… whether the bidder is qualified to receive* ***a reward other than the product;*** and *transmitting, to the bidder… an indication that the bidder is qualified to receive the reward.* The Examiner recognized that these features are not disclosed by Walker (Final Action, page 6), but then oddly cites the Abstract of Walker for somehow disclosing receiving a reward. However, the Abstract does not even hint of any "reward". In fact, neither of Walker or Franchi teaches or even suggests these features.

The Examiner contends that Franchi discloses receiving a reward other than the product, and that it is analogous art to Walker. But Franchi discloses an open architecture casino operating system that controls the flow of funds and monitors gambling activities (see Franchi, Abstract). Thus, one skilled in the art would **not** be motivated to combine Franchi with Walker. It seems that the Examiner thinks otherwise because "bidding" has been confused with "betting" (see Final Action, page 21, lines 20-22), which actions are very different. Moreover, Franchi discloses randomly awarding a door prize "**as a perk to frequent gamblers**" (Franchi, col. 8,

lines 18-22, and col. 28, claim 41). Thus, Franchi has **nothing to do with auctions or bidding**, and there is **no** *product which is subject to bidding during an auction session*. Appellants accordingly submit that Franchi does not pertain to auctions, does not concern or describe bidding, and thus cannot teach or suggest *determining whether* ***the bidder*** *is qualified* ***to receive a reward other than a product***.

Accordingly, not only would one skilled in the art not be motivated to combine Franchi with Walker, but claims 1 and 61-63 are also patentably distinct thereover. Thus, these Section 103(a) rejections cannot stand. Also, the rejections of dependent claims 2, 3, 5-8, 10-17, 20-22, 24-26, 28-31, 37-42 and 47cannot stand.

B. Claims 67-83 Are Patentably Distinct Over Walker and Franchi and Kuo (U.S. Patent 6,363,365)

Kuo describes a process for securing bid proposals, but nowhere does it teach or suggest *accepting the bid if the decrypted date and time of submission indicates that the bid was submitted before a scheduled closing time of the auction session*, as required by independent claims 67, 82 and 83. For such operation, the Examiner cited Kuo, col. 7, lines 8-15 which recites: "The vendor generates a bid proposal or tender incorporating into it the proposal identifier (block 239), and encrypts the proposal using the session key (block 240)". Although this describes generating a bid proposal and encrypting it, it does not concern accepting a bid, much less accepting the bid if the time and date of submission *indicates that the bid was submitted before a scheduled closing time of the auction session*. Thus, not only does Kuo fail to make up for the deficiencies of Walker and Franchi concerning encrypting and decrypting data, Kuo also does not cure any of the deficiencies discussed above. Accordingly, the Section 103(a) rejection of claims 67, 82 and 83, and dependent claims 68-81, cannot stand.

C. Claims 84-87 are Patentably Distinct Over Walker

Claims **84-87** generally concern a method, a computer readable medium and apparatus that require *retrieving required* ***auction session conditions****;* and ***retrieving offer recipient rules associated with bidders …*** and *determining, based on the retrieved offer recipient rules, which of the bidders are qualified to receive an offer message.* A portion of Walker at col. 16, lines 5-16 (claim 8) was cited for allegedly disclosing such features, but as explained above, Walker has nothing to do with auction sessions, and thus does not disclose anything of the sort. Thus, this Section 103(a) rejection cannot stand.

D. Claims 88, 89 and 91-96 are Patentably Distinct Over Walker

Claims **88, 89 and 91-96** concern a method, a computer readable medium and apparatus that requires *determining... whether the first bidder is qualified to receive a reward other than the product;* and *transmitting... an indication that the first bidder is qualified to receive the reward;* and *receiving a bid for the product from a second bidder... determining... whether the second bidder is qualified to receive a reward other than the product; transmitting... an indication that the second bidder is qualified to receive the reward; and transmitting an indication to the first bidder revoking the qualification of the first bidder to receive the reward.* Again, Walker at col. 16, lines 5-16 was cited for allegedly disclosing such features, but it does not teach or suggest them. Thus, this Section 103(a) rejection cannot stand.

C. The Remaining Dependent Claims 4, 9, 15, 16, 18, 19, 23, 27, 28-30, 32-36, 43-46, 48, 49, 51-53 and 90 Are Patentably Distinct Over Combinations of Walker and Franchi in view of Fisher (U.S. Patent 6,243,691) and Scholldorf (EP 0,411,748) and the Baraldi Publication and Waren Publishing and Walker '778 (U.S. Patent 6,049,778) and Barzilai (U.S. Patent 6,012,045) and Pinchon (U.S. Patent 6,108,639)

Space constraints prohibit the presentation of all the arguments available for individually traversing the rejections of these dependent claims, but the consistent theme is that **none** of the cited art cures the deficiencies of Walker and Franchi discussed above. Moreover, claims 4, 9, 15, 16, 18, 19, 23, 27, 28-30, 32-36, 43-46, 48, 49 and 51-53 each directly or indirectly depends on claim 1, and claim 90 depends on claim 88, and thus these claims should be allowable for at least the same reasons explained above. Thus, the Section 103(a) rejections of these claims cannot stand.

III. Conclusion

In view of the above remarks, Appellants respectfully request reversal of all of the rejections of the pending claims.

Respectfully submitted,

December 15, 2008
Date

/Stephan J. Filipek, Reg. No. 33,384/
Stephan Filipek
Attorney for Appellants
Registration No. 33,384